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TELEGRAM

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ACTION RP-10

INFO OCT-01 ADS-00 AID-07 COMP-01 NEA-06 SSO-00 SR-04
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FM AMEMBASSY ISLAMABAD
TO SECSTATE WASHDC IMMEDIATE 7487

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E.O. 12065: N/A
TAGS: SREF, AF, EAID
SUBJECT: APPROVAL FOR USE OF EXCESS RUPEES

REF: STATE 227008

1. EMBASSY HAS RECEIVED LETTER FROM MINISTRY OF FINANCE APPROVING UTILIZATION OF 47,520,000 IN U.S. GOVERNMENT OWNED RUPEES FOR AFGHAN REFUGEES. MINISTRY OF FINANCE HAS SPECIFIED, HOWEVER, THAT THESE FUNDS MUST BE CHanneLED THROUGH UNHCR AND ICRC. H.U. BEG, SECRETARY, FINANCE DIVISION AND OFFICIAL DIRECTLY RESPONSIBLE FOR ALLOCATION OF FUNDS TO ALL GOP AGENCIES, MADE SPECIFIC POINT OF TELLING ECON COUNSELOR THAT GOP COULD NOT COUNTENANCE DIRECT DISTRIBUTION OF RUPEE FUNDS TO RELIGIOUS ORGANIZATIONS. BEG ASSERTED THAT GOP COULD NOT BE PLACED IN A POSITION WHERE CRITICS MIGHT ALLEGE THAT IT WAS UNDERWRITING NON-MUSLIM RELIGIOUS ACTIVITY AND OBSERVED THAT ON THIS ISSUE GOP HAD TO BE ABOVE REPROACH.

2. COMMENT: RELUCTANCE TO AUTHORIZE FUNDING OF IRC PROJECTS DEFIES LOGIC BUT MAKES SOME SENSE IN PAKISTANI CONTEXT GIVEN WIDESPREAD AND GENERALLY UNFOUNDED SUSPICION OF FOREIGN ORGANIZATIONS. EMBASSY HAS GIVEN THOUGHT TO ASKING FOR RECONSIDERATION OF FINANCE MINISTRY RULING ON
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RUPEES, BUT GIVEN CURRENT EMPHASIS ON ISLAM IN PAKISTAN.

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WE THINK THAT THERE IS LITTLE PROSPECT OF GETTING GOP TO ALTER ITS POSITION ON THIS ISSUE.

3. QUALIFICATION IMPOSED BY GOP OBVIOUSLY LIMITS OUR ABILITY TO SUPPORT VOLAG PROJECTS IN PAKISTAN. WE BELIEVE, HOWEVER, THAT IT MAY BE POSSIBLE TO GET UNHCR TO UNDERWRITE AT LEAST SOME OF THE VOLAG ACTIVITIES SUGGESTED FOR SUPPORT BY RP PROVIDED USG SUPPLIES NECESSARY RUPEE FUNDING. CWS HEALTH UNITS AND PROGRAMS OF IRC OUTLINED IN REFTEL APPEAR TO US AS TYPE OF ACTIVITIES WHICH COULD BE BROUGHT UNDER UNHCR UMBRELLA, BUT WE DO NOT, FOR EXAMPLE, THINK IT PRUDENT THAT UNHCR GIVE FUNDS TO CRS AND CWS FOR PURCHASE OF TENTS. EMBASSY, THEREFORE, SUGGESTS THAT RP CONSIDER INCREASING ITS PROPOSED RUPEE ALLOCATION TO UNHCR TO RS. 37,530,000 WITH THE STIPULATION THAT A PORTION OF THESE ADDITIONAL RUPEE FUNDS BE USED TO: (1) PURCHASE TENTS; (2) SUPPORT PUBLIC HEALTH PROGRAMS FOR REFUGEES, SUCH AS MALARIAL CONTROL AND CHILDHOOD VACCINATION PROJECTS; AND (3) FUND OPERATION OF EXISTING OR NEW HEALTH UNITS AND CLINICS IN BALUCHISTAN AND NWFP. THIS WOULD SEEMINGLY ACCOMPLISH OUR MOST BASIC OBJECTIVES AND CHANNEL FUNDING INTO NEW AREAS OF NEED.

4. WE ALSO PROPOSE THAT DEPARTMENT INSTRUCT OUR MISSION IN GENEVA TO ASK UNHCR HIGH COMMISSIONER ABOUT THE POSSIBILITY OF CHANNELING U.S. OWNED RUPEE FUNDS THROUGH UNHCR FOR USE IN SUPPORT OF VOLAG PROGRAMS IN PAKISTAN. THIS COURSE OF ACTION SEEMS TO US TO BE ONLY VIABLE MEANS OF ASSISTING VOLAGS IN PAKISTAN WITH RUPEE FUNDING IN FY 82.

5. SALVATION ARMY DELEGATION HAS VISITED EMBASSY TO OUTLINE PROPOSED PROGRAM FOR PAKISTAN, BUT IN LIGHT OF GOP RULING

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ON RUPEES ABOVE, EMBASSY OFFICERS INFORMED SA REPS THAT PROSPECTS FOR FY 82 RUPEE FUNDING WERE, AT BEST, UNCERTAIN.
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